

INFORMATION REPORT

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1. Under the Hungarian Five-Year Plan the target for electro steel production of the Diosgyör steel works, now being modernized, is 80,000 tons per year. The output for 1949 amounted to between 50 and 60 thousand tons.
2. With a view to increasing production, the electro steel plant at Diosgyör, where the production of electro steel is being concentrated, is to be re-equipped with the most modern furnaces. A sum of 24 million forints, to be spent within two years, has been allocated for this modernization program.
3. Of the old equipment of the electro steel plant, one furnace with a 10-ton charging capacity, another of 6 tons, and a third of 3 tons, are still operating and will be retained. On the other hand, two 10-ton combined furnaces (system Weigl) are being dismantled, and it is intended to replace them by electro smelting furnaces (system Heroult).
4. In April 1950 the Deputy General Manager of the Diosgyör Steel Works, Andras Szucs, negotiated the purchase of a 10-ton electro smelting furnace

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The Hungarians refused an offer by the firm to supply a 6-ton electro-furnace by May 1950 (with the exception of the transformer, which it could not have delivered before September 1950). The [redacted] had insisted that payment be cash, in U.S. dollars

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5. It is the intention that the Diosgyör Steel Works shall produce only refined (alloy) steel and steel castings in the future. The reason for this is that the steel works are to be the main suppliers of the neighboring so-called "New Plant" with steel castings and rolled material. The "New Plant" is today working at full capacity on the production of armaments (heavy artillery), for which it is fully equipped with the most modern machine tools, mostly of [redacted] origin, bought during recent years to replace the machine tools damaged during the war or removed by the Soviets.

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CENTRAL INTELLIGENCE AGENCY

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6. The present monthly output of the Siemens Martin steel plant at Diosgyör is 24,000 tons of steel ingots (crude steel), as compared with about 18,000 tons per month in 1949. This increase has been achieved by charging liquid pig iron into the furnaces, and by the recent installation of a mixer furnace of 250 tons capacity.
7. The two blast furnaces at the Diosgyör Steel Works are operating, and are charged primarily with Soviet Krivoi Rog ore. This causes considerable dissatisfaction as the Krivoi Rog ore shipments contain up to 40-50 percent dust ore. An attempt was made to install simple agglomerating equipment, but this is not operating satisfactorily. It was constructed by local engineers.
8. The casting shop at the steel works is to be enlarged and will produce castings up to 50 tons in weight and not less than 100 Kg. Smaller castings will be produced in other foundries or casting shops in Hungary.
9. It is planned to add two Siemens Martin furnaces of 20 tons capacity each to the electro steel plant, which is to be enlarged for this purpose. The reason new furnaces are to be set up in the electro-steel plant, rather than in the Siemens Martin plant, is that they are to provide sufficient raw material for the casting shop, and not to produce steel ingots for the rolling mills.
10. The forging plant is also to be enlarged.
11. Several plants will be dismantled and removed from Diosgyör. The machine shop will be transferred to the so-called "New Plant". The sheet mill train will be transferred to Borsodnadasd (formerly owned by the Rima Works). The block mill train will be transferred to the new plant now being erected at Mohacs. The output of this new plant is estimated at 500,000 tons of steel ingots (crude steel) yearly, when the plant is sufficiently far advanced to start production, rising to one million tons when the plant is finally completed.
12. Hungarian heavy industry suffers from a constant shortage of plates of a thickness of 6 mm. or more ("Grobbleche"). These are regularly bought from Czechoslovakia. Surprisingly, the deliveries are carried through, despite the fact that in the orders Russian dimensions are prescribed, which is a clear indication that the plates are being ordered by Hungary on behalf of the USSR. The technical inspection is carried out by Hungarian experts.
13. About a year ago, the Hungarians ordered, also for the Diosgyör Steel Works, an 8 ton induction electro furnace (probably the largest of its type in the world) for the production of the highest quality non-corrosive steels and of experimental steels. the purchase price was 150 million. Delivery has not yet been effected owing to continuous strikes where certain machinery for the furnace is being made. On the other hand, the condensers and other electric equipment required for the furnace, which were ordered by Sice have already been delivered to Hungary.
14. Andras Szucs bought a patent-licence and drawings for a 40-45 ton fixed Siemens Martins open hearth furnace for 110,000, U.S. and further made enquiries concerning a 6,000 ton hydraulic press, which the Hungarians wish to purchase. Both of these are required for the Diosgyör Steel Works.
15. At the same time Szucs negotiated the purchase a patent-licence for the production of magnetic steel (permanent magnets). The purchase price was \$2,000 U.S.
16. It is intended that the Hubert Sigmund factory in Budapest will produce magnetic steel.

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